

Vitter-Brown-Corker-Pryor #689

“Too Big to Fail” Subsidy Amendment

- **Vitter-Brown** creates a deficit-neutral reserve fund to eliminate the government-provided subsidy enjoyed by the largest Wall Street megabanks.
- 18 years ago, the six biggest U.S. banks had assets equal to **18 percent of GDP**. Today they are about **63 percent of GDP**.
- Government support – both express and implied – gives the largest megabanks higher credit ratings, allowing them to borrow at lower rates than community banks.
- Richard Fisher, President of the Federal Reserve Bank of Dallas, estimates that megabanks have an advantage of up to **100 basis points (1%)**.
- According to *Bloomberg*, the megabank subsidy is worth over **\$80 billion** per year.
- We need to end the system where large, risky banks enjoy private profits and force the American taxpayers to pick up the tab for their losses.

**Vitter-Brown is supported by the Independent
Community Bankers of America (ICBA)**

Purpose: To End “Too Big To Fail” Subsidies or Funding Advantage for Wall Street Mega-Banks (over \$500 billion in total assets).

IN THE SENATE OF THE UNITED STATES—113th Cong., 1st Sess.

S. Con. Res. 8

Setting forth the congressional budget for the United States Government for fiscal year 2014, revising the appropriate budgetary levels for fiscal year 2013, and setting forth the appropriate budgetary levels for fiscal years 2015 through 2023.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed
AMENDMENT intended to be proposed by Mr. Vitter and Mr. Brown.

At the appropriate place insert the following:

SEC. _____. DEFICIT-NEUTRAL RESERVE FUND TO END “TOO BIG TO FAIL” SUBSIDIES OR FUNDING ADVANTAGE FOR WALL STREET MEGA-BANKS (OVER \$500 BILLION IN TOTAL ASSETS).

The Chairman of the Senate Committee on the Budget may revise the allocations of a committee or committees, aggregates, and other appropriate levels in this resolution for one or more bills, joint resolutions, amendments, amendments between houses, motions, or conference reports related to any subsidies or funding advantage relative to other competitors received by bank holding companies with over \$500,000,000,000 in total assets, which may include elimination of any subsidies or funding advantage relative to other competitors resulting from the perception of federal assistance to prevent receivership, or any subsidies or funding advantage relative to other competitors resulting from the perception of federal assistance to facilitate exit from receivership, or to realign market incentives to protect the taxpayer, except in the case of Federal assistance provided in response to a natural disaster, without raising new revenue, by the amounts provided in such legislation for that purpose, provided that such legislation would not increase the deficit over either the period of the total of fiscal years 2014 through 2018 or the period of the total of fiscal years 2014 through 2023.